

Exhibit No.:	
Issue:	Conservation, Energy Efficiency, Weatherization, and Low Income Programs
Witness:	Theodore B. Reinhart, P.E.
Type of Exhibit:	Rebuttal Testimony
Sponsoring Party:	Laclede Gas Company
Case No.:	GR-2010-0171

LACLEDE GAS COMPANY

GR-2010-0171

REBUTTAL TESTIMONY

OF

THEODORE B. REINHART, P.E.

REBUTTAL TESTIMONY OF THEODORE B. REINHART

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1 **REBUTTAL TESTIMONY OF THEODORE B. REINHART**

2 Q. Please state your name and address?

3 A. My name is Theodore B. Reinhart and my business address is 720 Olive Street,
4 St. Louis, Missouri 63101.

5 Q. Are you the same Theodore B. Reinhart who previously filed direct testimony in
6 this case on behalf of Laclede Gas Company ("Laclede" or "Company")?

7 A. Yes, I am.

8 **PURPOSE OF TESTIMONY**

9 Q. What is the purpose of your rebuttal testimony?

10 A. The purpose of my rebuttal testimony is to respond to the direct testimony of the
11 following witnesses pertaining to energy efficiency, weatherization, and low
12 income programs: Tom Imhoff and Lesa Jenkins, appearing on behalf of the
13 Missouri Public Service Commission Staff ("Staff"); Barb Meisenheimer
14 appearing on behalf of the Office of Public Counsel ("OPC"); and Laura Wolfe
15 appearing on behalf of the Missouri Department of Natural Resources, Division of
16 Energy ("DNR"). The issues I will be addressing include Laclede's (a) Low-
17 Income Weatherization Assistance Program ("LIWAP") and energy efficiency
18 programs and (b) low-income programs.

19 **LOW-INCOME WEATHERIZATION ASSISTANCE AND**
20 **ENERGY EFFICIENCY PROGRAMS**

21
22 Q. What is your response to the direct testimony of Staff witness Lesa Jenkins on the
23 LIWAP and energy efficiency programs?

24 A. I generally agree with Ms. Jenkins, specifically with her support of the
25 continuation of our current low-income weatherization program and of our energy

1 efficiency programs. The parties are generally in agreement that Laclede should
2 continue to collect and fund its LIWAP at the \$950,000 level. With respect to
3 funding for other energy efficiency programs that have been or will be developed
4 through the Energy Efficiency Collaborative (EEC), Laclede agrees with Ms.
5 Jenkins that Laclede should spend up to \$1,700,000 per year on such programs,
6 plus \$150,000 annually on administrative costs to develop and implement
7 programs, including consulting services. The new spending limit represents a
8 45% increase over the limit set in Case No. GR-2007-0208. Laclede further
9 agrees with Staff that the Company may request a greater expenditure, with
10 unanimous consent of the EEC charter members (Laclede, Staff, OPC, and DNR),
11 should this funding level prove insufficient.

12 Q. What is your response to the direct testimony of DNR witness Laura Wolfe on the
13 LIWAP and energy efficiency programs?

14 A. Beginning on page 6 of her direct testimony filed on May 10, 2010, Ms. Wolfe
15 recommends a target for investment in energy efficiency, increasing current
16 spending to 0.3% of gross utility revenues in the first year following this rate case,
17 and ramping up to 0.4% and 0.5%, respectively, in the second and third years. I
18 do not believe that the parties could have predicted our experience with Laclede's
19 programs over the past three years, nor do I believe we can predict customer
20 behavior for the next three years. Customer participation can be significantly
21 affected by economic conditions and the existence of complementary programs,
22 such as the federal American Recovery and Reinvestment Act of 2009 ("ARRA").
23 A realistic cap, which can be increased as conditions allow, is a better approach

1 than setting a target that is likely to create unrealistic expectations. I believe the
2 parties' emphasis should be on developing, implementing and sustaining effective
3 programs, rather than on attaining a certain level of expenditures.

4 Q. What monetary conditions does Laclede propose in this case for its LIWAP and
5 energy efficiency portfolio?

6 A. Laclede's rates already include the \$150,000 in administrative costs referenced
7 above. Based on expenditures made since 2007, the Company has built a
8 \$930,000 asset that will be amortized in this case. In the upcoming years, the
9 Company expects to expend in excess of \$1,000,000 annually on its existing
10 energy efficiency programs. We propose increasing the level of funding in rates
11 by 50% of this conservative estimate, or \$500,000. Assuming that Laclede
12 collects \$650,000 in rates, any amounts invested or expended above that level will
13 be transferred to a regulatory asset account for energy efficiency costs.

14 Q. Do you have any further comments?

15 A. Yes. I just want to reemphasize that the continuing development and
16 implementation of energy efficiency programs requires that the Commission
17 continue to maintain a suitable rate design that does not financially penalize
18 utilities for pursuing such programs. For the reasons addressed in the rebuttal
19 testimony of Laclede witness Michael T. Cline, Laclede does not believe that the
20 rate design proposal submitted by OPC in this case satisfies that basic
21 requirement.

LOW-INCOME PROGRAMS

1
2 Q. How do you respond to the testimony of Staff witness Tom Imhoff on Laclede's
3 low-income programs?

4 A. I generally agree with Mr. Imhoff, specifically with his support of the
5 continuation of our current low-income weatherization program and of our bill
6 payment assistance program and arrearage repayment program. The parties are
7 generally in agreement that Laclede should continue to collect and fund its low-
8 income weatherization program at the \$950,000 level. The bill assistance and
9 arrearage repayment programs are currently financed by Laclede via a regulatory
10 asset. Laclede believes that it should continue to operate these two programs. As
11 is currently done with Laclede's conservation and energy efficiency programs, it
12 may be useful for Laclede to also explore coordination of its low-income
13 programs with AmerenUE.

14 Q. What is your response to the direct testimony of OPC witness Barb Meisenheimer
15 on the low-income programs?

16 A. On page 7 of her direct testimony filed on May 10, 2010, Ms. Meisenheimer
17 estimated that Laclede has collected but not spent \$1.6 million in low-income
18 funding. Ms. Meisenheimer's figure may be based on an assumption that Laclede
19 has collected \$600,000 per year in rates over the past three years. As Ms.
20 Meisenheimer appropriately recognized in subsequent testimony, however,
21 Laclede has not been collecting low-income funds in rates since August 1, 2007.
22 Pursuant to the Stipulation and Agreement in Laclede's 2007 rate case, Case No.
23 GR-2007-0208, Laclede agreed to first spend its carry-over balance and then

1 invest up to \$600,000 annually in a regulatory asset account. As of March 31,
2 2010, Laclede had spent the entire carryover balance, including interest on that
3 balance, and has a regulatory asset balance of \$110,000.

4 Q. What monetary conditions does Laclede propose in this case for its low-income
5 bill payment assistance program and arrearage repayment program?

6 A. Laclede proposes continuation of the \$600,000 spending limit. Based on the
7 Company's spending of a total of \$635,000 for calendar years 2008 and 2009,
8 Laclede recommends including \$250,000 annually in rates and having the
9 Company invest any amounts above that level in the regulatory asset account.

10 Q. Does this conclude your testimony?

11 A. Yes, it does.

In the Matter of Laclede Gas Company's)
Tariff to Revise Natural Gas Rate Schedules) Case No. GR-2010-0171

STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

1. My name is Theodore B. Reinhart. My business address is 720 Olive Street, St. Louis, Missouri 63101; and I am Director-Utility Market Analysis and Development of Laclede Gas Company.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.

Subscribed and sworn to before me this 24 day of June, 2010.

Laura C. Juliano
Notary Public

